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CLASSIFICATION

*FEB 17 1954*

TO : Chief, Lincoln

DATE:

FROM : Chief of Station, Guatemala *CJ*

INFO: Washington

SUBJECT: GENERAL—

PBSUCCESS

SPECIFIC—

Memo of Conversation with Nicaraguan Ambassador, 4 Feb 54  
Letter Concerning Interview with Foreign Minister, 9 Feb 54

Attached hereto are copies of a Memorandum of Conversation between Charge d'Affaires William L. Krieg and the Nicaraguan Ambassador to Guatemala on 4 February 1954 and of a letter written by the Ambassador of the United States concerning his interview with the Foreign Minister.

*[* George J. Tranger *]*

Enclosures: as noted

12 February 1954

Distribution:

- 2 - Lincoln w/encl / in Station Chron
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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

DATE: February 4, 1954

Sr. Aurelio ~~MONTENEGRO~~, Ambassador of Nicaragua;

William L. Krieg, Charge d'Affaires a.i.

Ambassador Montenegro called by appointment and said that he wished to inform me of his talk with Sr. Guillermo ~~TORIELLO~~, the Guatemalan Foreign Minister, on February 1 regarding the charges made by the Guatemalan Government that General SOMOZA and his son had been in correspondence with Guatemalan exiles regarding the possible revolutionary movement against the Arbenz Government.

Ambassador Montenegro said he had informed Sr. Toriello that he had discussed the matter fully with President Somoza and that the President rejected the charges and implications made in the Guatemalan statement of January 29. Ambassador Montenegro said he had showed Sr. Toriello letters which he had received from Col. Somoza and asked him to compare the signatures with those on the photostatic copies which Colonel Somoza had allegedly addressed to Colonel CASTILLO Armas. Ambassador Montenegro said that the signatures were quite different and that the one on the letter to Castillo Armas was obviously a forgery.

Ambassador Montenegro said he had then pointed out to Sr. Toriello that Colonel Somoza had left Nicaragua in May as head of the Nicaraguan delegation to the Coronation of Queen Elizabeth II in London; that he had returned to the country in June for but a few days and had then left for the United States on business connected with the Mamenic Steamship Line. At no time during this period had he been at Le Fundador, the place from which the letter to Castillo Armas had ostensibly been written.

Ambassador Montenegro had then told the Foreign Minister that President Somoza had said there were three powerful reasons in addition to those outlined above why he would not assist in plotting against Guatemala. In the first place, Nicaragua was a signatory to and scrupulously complied with the international conventions which forbid intervention by one country in the internal affairs of another. Nicaragua also insisted that other countries not intervene in Nicaraguan affairs, and would not weaken its position by violating the precepts which it demanded others keep.

Secondly President Somoza had a friendly feeling toward the Administration of Colonel Arbenz because of the latter's action in resuming relations with Nicaragua suspended during the Administration of President AREVALO. If he had taken no action against Arevalo, he would certainly not do so against Arbenz.

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Thirdly President Somoza and his sons were not children; if they had wished to communicate with Castillo Armas or Ydigoras Fuentes they would scarcely have been so naive as to do so in writing since both those gentlemen enjoy freedom of movement and could easily come to Nicaragua for a conference.

Ambassador Montenegro said that Sr. Toriello had listened courteously and at the conclusion of his presentation had said that he accepted fully the explanations which the Ambassador had made on behalf of his Government and that it was his desire to continue cordial relations with Nicaragua.

Ambassador Montenegro said that it was not the practice of his Government to present complaints inasmuch as it also desired the most cordial relations with Guatemala. Nevertheless, he felt it his duty to inform Sr. Toriello that there were several matters which the Nicaraguan Government felt should be brought to the attention of the Guatemalan authorities:

1. He had showed Sr. Toriello a copy of a bulletin issued by the Nicaraguan Movimiento de Nicaraguenses Partidarios de la Democracia (MNPD) printed in Guatemala which said that only in Guatemala did a propitious climate and sufficient facilities exist for the Movement to operate. He had pointed out to Sr. Toriello that the Nicaraguan exiles had thus openly stated that they had facilities in Guatemala for carrying out their campaign against the Government of General Somoza.

2. At the recent convention of the Partido de la Revolucion Guatemalteca (PRG), Sr. Augusto CHARNAUD MacDonald, Minister of Interior and Secretary General of the party, had been present when a motion was presented, insinuating to the Government and people of Nicaragua, falsely accusing them of signing a pact with the United States which would permit the stationing there of 700 American soldiers. The Ambassador said that he considered this participation of high officials of the Guatemalan Government in such an affair manifestly incorrect.

3. The Ambassador had then shown Sr. Toriello a circular letter signed by Sra. Laura Mallol de BERMUDEZ in her capacity as Financial Secretary of the MNPD requesting members of the organization to pay their monthly dues to her either at her home or at her office in the IGSS. The Ambassador had pointed out the manifest impropriety of Guatemalan Government facilities being used for collecting funds to finance campaigns against the Nicaraguan Government.

4. Ambassador Montenegro had then shown the Foreign Minister a copy of the monthly newspaper Horizonte which contained an article by Sr. Jaime DIAZ Rozzotto, Secretary General of the Presidency, in honor of Cesar SANDINO which contained highly insinuating remarks regarding the Nicaraguan Government and which specifically stated that Sandino had been murdered by the Guardia Nacional. He had told Sr. Toriello that he did not see how it was possible for a high official of the Guatemalan Government to attack his country in this manner.

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In reply, Sr. Toriello had expressed surprise that such activities were being carried on and said that he had been out of the country and hence was not aware of them. He agreed that the anti-Nicaraguan activities of high Government officials were improper and that it was equally improper that an employee of the Guatemalan Government use Government facilities and time for collecting money on behalf of the Nicaraguan exiles. He said that he would endeavor to put a stop to such activities, assuming of course that there was reciprocity on the part of the Nicaraguan Government.

Ambassador Montenegro had then said that reciprocity already existed since none of the Guatemalan exiles who had taken asylum in his Embassy and had later gone to Nicaragua had stayed in the country; all of them had gone either to El Salvador or to Honduras.

He said his conversation with the Foreign Minister had terminated on a note of mutual friendship and esteem. He had noted, however, that the Foreign Office's statement to the press regarding the conversation had been much less precise than the Foreign Minister had been regarding the fact that the Guatemalan Government was fully satisfied with the explanations he had given on behalf of the Nicaraguan Government.

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C O P Y

AMERICAN EMBASSY

Guatemala, February 9, 1954

OFFICIAL - INFORMAL

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Dear Ray:

When I arrived last Friday at the airport, I told the press that I had "no comment." I asked Krieg to arrange for an appointment to see the Foreign Minister on Saturday. We were told that the office was closed on Saturday; however, an appointment was fixed for 4:00 yesterday afternoon.

Toriello, in receiving me, was on his best behavior. He seemed to be going out of his way to be nice. This is what I expected. After the usual preliminary exchanges about family, etc., I told him that we were concerned over the expulsion of two newspapermen and a priest recently from Guatemala. I told him that nothing was more cherished in the United States than freedom of religion and freedom of speech. I inquired whether this represented a change of policy of his Government. Toriella said that the Gruson incident took place because he made disparaging remarks about a very high official in the Government. He assured me that any newspapermen could come and go freely as long as they did not slander high officials of the Government. He said as to the priest that while I was away he had had a very long and satisfactory talk with the Papal Nuncio concerning the status of other priests who were now in the country illegally. He pointed out that many priests came into the country as tourists and remained for as long as two years. He and the Nuncio had agreed that of the remaining priests here thirty-four are in the country illegally; however, their status would be legalized although they would have to leave the country for a week or ten days and then come back in. He said that Father Sebastian Buccallato had been engaged in distributing propaganda. I told the Minister that this was denied and that we had no evidence of any such activities. He then brought out two

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pamphlets which he showed me and claimed that these had been distributed by Father Sebastian during the last elections. I asked if this were true why the Government had waited so long to take action. He said that they were merely trying to be sure of their evidence before taking the step. He told me that any priest could enter the country as long as he came in legally and did not become involved in political matters. I told him that I was glad to hear him make that statement; however, my own experience has been that priests here have been very careful not to involve themselves in political matters.

On Bannell, he said he was expelled because he applied for a resident permit to establish a cosmetic factory where he had never done and engaged in writing malicious articles against the Government. I told him that I was not aware of these articles of Mr. Bannell's and that I had not seen them.

He reverted to his conversations with President Eisenhower and said that while he accepted Mr. Cabot's word that he did not have shares in the Fruit Company, he recalled Mr. Cabot had told him sometime before that his daughter had some shares but that he was going to dispose of them. Secondly, he told the President that the Secretary's former law firm, which included Allen Dulles, represented the railroad and therefore he could not be unbiased in his approach to Guatemalan problems. I told the Minister that this was far from the truth; that the Secretary had had nothing to do with his law firm for many years and I also knew that Mr. Allen Dulles had no interest in his law firm; that both of these men were making personal sacrifices in order to contribute to the welfare of free peoples throughout the world; that nothing he could say would make me believe the Secretary could be influenced by actions which his former law firm took; and that I resented his statement concerning the Secretary's being biased in matters affecting Guatemala.

He then said before he was leaving Washington he had suggested to the President that a non-partisan commission composed of people not connected with the State Department be appointed to look into the affairs of the United Fruit Company, the Electric Company, and the Railroad here in Guatemala and make recommendations concerning a solution. He said the President had told him he thought this was a good idea. (Would you please check with General Smith on this.) He asked me to raise this question with Washington, since he had discussed it with President Arbenz who was in full agreement.

This is an obvious move on their part to start negotiations before Caracas. I told Mr. Toriello that I would, naturally, report what he had said to Washington; however, I felt that there were other issues he and I should discuss first, namely, communism. He said the issue had been greatly over-stated and that he would like to talk to me about this at a later date. He had two huge volumes of press reports from the States and told me that the Government had not made up its mind whether they should go to Caracas but that he personally was in favor of going and would probably head the delegation.

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It was nice seeing all of you. I am sorry that my trip was cut short, but I feel that it was extremely worthwhile to me being there and getting the thinking of the Department. We get the feeling that things are moving fast here. The Government is worried but will probably adopt even harsher measures before all this is through.

With warm personal regards,

Sincerely,

John E. Peurifoy

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